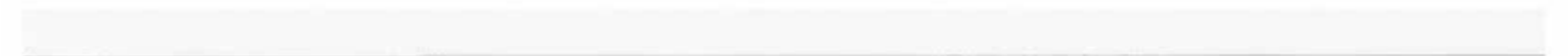


EXHIBIT B
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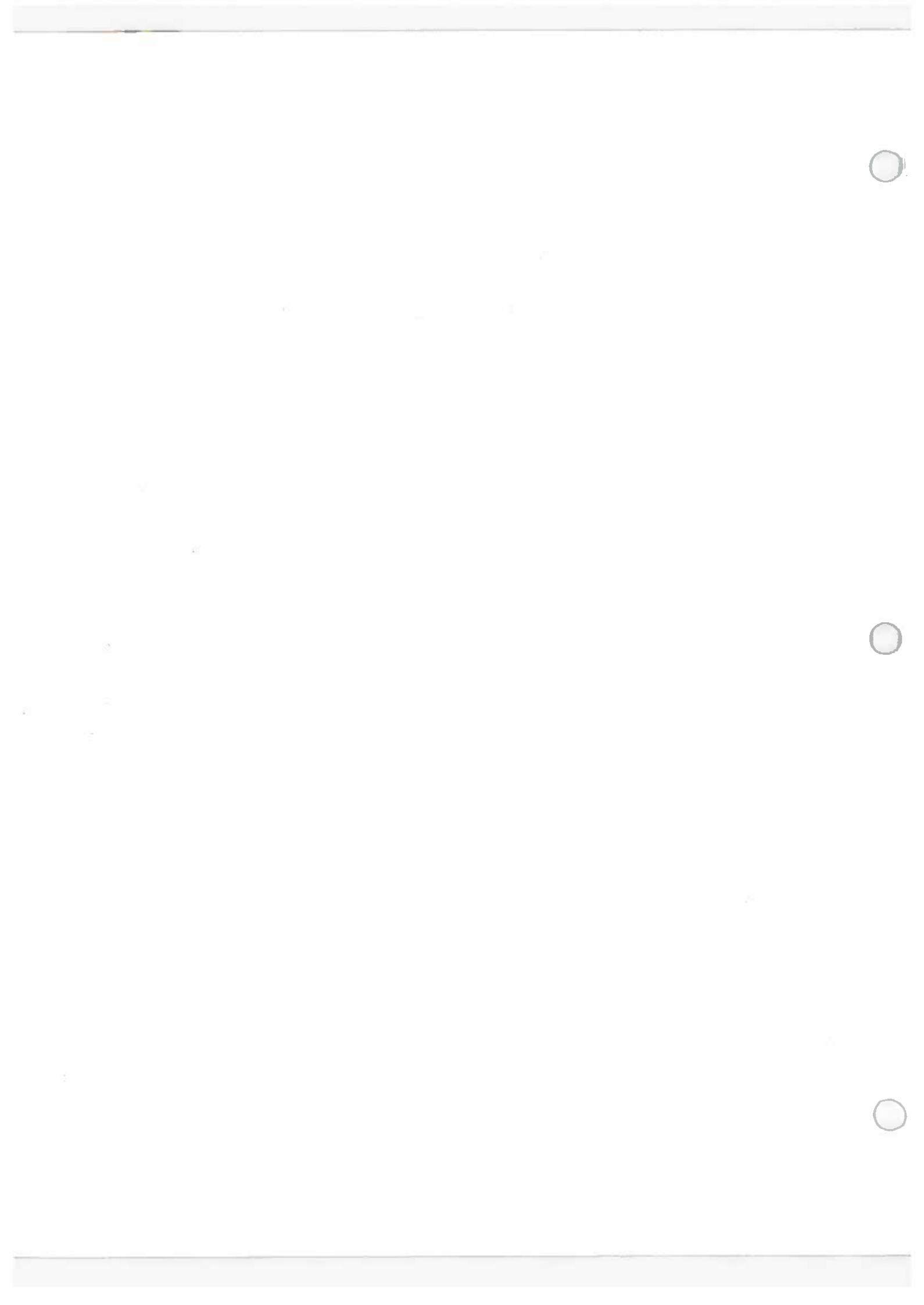




BY-LAWS
OF
WEBSTER KNOLLS HOMEOWNERS' ASSOCIATION, INC.

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BY-LAWS
OF
WEBSTER KNOLLS HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
Name

The name of the Association shall be Webster Knolls Homeowners' Association, Inc.

ARTICLE II
Definitions

Section 1. The "Association" shall mean Webster Knolls Homeowners' Association, Inc., its successors and assigns.

Section 2. The "Board" shall mean the Board of Directors of the Association.

Section 3. The "Association Property" shall mean those areas of land in Summit Knolls Subdivision, Phase V which have been conveyed to the Association, including all physical improvements therein, and such additions thereto as may hereafter be brought within the jurisdiction of the Association. Said areas are intended to be devoted to the common use and enjoyment of the members of the Association as herein defined, and are not dedicated for use by the general public.

Section 4. The "Declaration" shall mean the Declaration of Covenants, Conditions, and Restrictions applicable to the Development recorded or to be recorded among the land records in the Clerk's Office of Monroe County.

Section 5. The "Development" shall mean proposed Summit Knolls Subdivision, Phase V described in Schedule "A" of the Declaration, together with all buildings and improvements thereon plus any additional land annexed to the Development and made subject to the Declaration.

Section 6. "Dwelling Unit" shall include any single family residence located in the Development, attached by a common or party wall to an adjacent Dwelling Unit.

Section 7. "Member" shall mean all those Owners who are members of the Association as provided in the Declaration, including the Sponsor, its successors and assigns, as long as it is the record owner of the fee simple title to any Lot in the Development.

Section 8. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot in the Development, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage unless and until such mortgagee or holder has acquired title pursuant to foreclosure or by conveyance in lieu of foreclosure.

Section 9. The "Sponsor" shall mean Jay Builders, Inc., a New York corporation, its successors and assigns.

Section 10. "Lot" shall mean any single family residential lot or resubdivided lot appearing on a duly filed subdivision or resubdivision map or maps of the Development.

ARTICLE III Objectives

The objectives of the Association shall be (a) to acquire, own, hold, improve, build upon, maintain, operate, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property consisting of the Association Property in the Development; (b) to enforce any and all covenants, restrictions and agreements applicable to the Association Property and the Dwelling Units in the Development and particularly the Declaration or similar declaration as may be made with respect to the Development, and which hereafter may be recorded among the land records of Monroe County, New York; (c) to make and perform any duties, obligations and contracts and do any acts and things, and exercise any rights, privilege and powers suitable, convenient, proper or incidental for the accomplishment of any of the objectives enumerated herein; and (d) to preserve the architecture and appearance of the Development; to own, operate and maintain the Association Property; and generally to operate exclusively for the promotion of the social welfare and common benefit of the residents of the Development within the meaning of §528(c)(4) of the Internal Revenue Code of 1954, as amended.

ARTICLE IV Office

Section 1. Office. The principal office of the Association shall be located in the Town of Penfield, County of Monroe, State of New York.

Section 2. Additional Offices. The Association may also have offices at such other places within the State of New York as the Board may from time to time appoint or the business of the Association may require.

ARTICLE V
Membership

Section 1. Membership. Membership in the Association shall include every person who is an Owner of a Lot (including Sponsor) which is subject by the Declaration to assessment by the Association. The membership shall consist of two classes. Class A Members shall be all the Owners including the Sponsor. Each Class A Member shall be entitled to only one vote regardless of the number of Lots owned. When more than one person holds such interest or interests in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

The Class B Member shall be the Sponsor, its successors and assigns. Until the Class B Membership terminates, the Class B Member shall be the only Class entitled to vote.

When a purchaser of a Lot takes title thereto from the Sponsor, he becomes a Class A Member and the membership of the Sponsor with respect to such Lot shall cease.

Section 2. Termination of Class B Membership. The Class B Membership shall terminate and be converted to Class A Membership as to each Lot then or thereafter owned by Sponsor upon the happening of either of the following events, whichever occurs first:

a. Ten (10) years after the transfer of the first Lot in the Development; or

b. When eighty percent (80%) of the total number of Lots shown on the filed subdivision map for Summit Knolls Subdivision, Phase V, plus the additional Lots shown on filed maps for subsequently annexed land have been sold.

Section 3. Lien. The rights of membership are subject to the payment of annual and special assessments levied by the Association. The obligation for payment of assessments is imposed upon each Owner and becomes a lien upon the Lot against which such assessments are made as provided by the Declaration. Failure to pay such assessments shall not result in the suspension of Membership or the loss of a Member's right to use the Association Property.

ARTICLE VI
Meeting of Members

Section 1. Place of Meeting. Meetings of Members shall be held at the principal office of the Association or at such other place as may be fixed by the Board.

Section 2. Annual Meetings. A meeting of Members shall be held annually for the election of Directors and the transaction of other business. The first meeting shall be held on a date selected by the Board of Directors to occur within six months after the the transfer of the first Lot in the Development. Thereafter such meeting shall occur on the first Wednesday evening in June, if not a legal holiday, in the place of meeting, and if a legal holiday, then on the next business day following which is not a legal holiday.

Section 3. Agenda at Annual Meetings. The order of business at the annual meeting of Members shall be as follows:

- (a) Calling the meeting to order.
- (b) Proof of notice of meeting or waiver thereof.
- (c) Reading of minutes of last annual meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of Directors.
- (g) Transaction of other business.

Section 4. Special Meetings. Special meetings of Members for any purpose or purposes may be called at any time by:

- (i) the President of the Association, or
- (ii) any three (3) Directors of the Association, or
- (iii) by Members entitled to cast ten percent (10%) of the total number of votes entitled to be cast at such meeting, who may, in writing, demand the call of a special meeting specifying the date and month thereof, which shall not be less than two (2) nor more than three (3) months from

the date of such written demand. The Secretary of the Association upon receiving the written demand shall promptly give notice of such meeting, or if he fails to do so within five (5) business days thereafter, any Member signing such demand may give such notice.

The Meeting shall be held at the principal office of the Association or at such other place as may be fixed in the notice of the meeting.

Section 5. Special Meetings for the Election of Directors.

(a) If, for a period of one (1) month after the date fixed herein for the annual meeting of Members, there is a failure to elect a sufficient number of Directors to conduct the business of the Association, the Board shall call a special meeting for the election of Directors. If such special meeting is not called by the Board within two (2) weeks after the expiration of such period or if it is so called but there is failure to elect such Directors for a period of two (2) months after the expiration of such period, Members entitled to cast ten percent (10%) of the total number of votes entitled to be cast in an election of Directors may, in writing, demand the call of a special meeting for the election of Directors specifying the date and month thereof, which shall not be less than two (2) nor more than three (3) months from the date of such written demand. The Secretary of the Association upon receiving the written demand shall promptly give notice of such meeting, or, if he fails to do so within five (5) business days thereafter, any Member signing such demand may give such notice. The meeting shall be held at the principal office of the Association or at such other place as may be fixed in the notice of meeting.

(b) At any special meeting called on the demand of Members, notwithstanding the provisions of these By-Laws, the Members attending, in person or by proxy, and entitled to vote in an election of Directors shall constitute a quorum for the purpose of electing Directors, but not for the transaction of any other business.

Section 6. Notice of Annual and Special Meetings.

(a) Written notice of meetings shall state the date, hour and place and, unless it is an annual meeting, indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting shall also state the purpose or purposes for which the meeting is

called. A copy of the notice of any meeting shall be given personally or by mail, to each Member entitled to vote at such meeting. If the notice is given personally or by first class mail, it shall be given not less than ten (10) nor more than fifty (50) days before the date of the meeting; if mailed by any other class of mail, it shall be given not less than thirty (30) nor more than sixty (60) days before such date. If mailed, such notice is given when deposited in the United States mail, the postage thereon prepaid, directed to the Member at his address as it appears on the record of Members, or, if he shall have filed with the Secretary of the Association a written request that notices to him be mailed to some other address, then directed to him at such other address.

(b) When a meeting is adjourned to another time or place, it shall; not be necessary to give any notice of the adourned meeting if the time and place to which the meeting is being adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. However, if after the adjournment the Board fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record on the new record date entitled to notice under paragraph (a) of this Section.

Section 7. Waivers of Notice. Notice of meetings need not be given to any Member who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any Member at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

Section 8. List or Record of Members at Meetings. A list or record of Members entitled to vote, certified by the Secretary of the Association, shall be produced at any meeting of Members upon the request therefor of any Member who has given written notice to the Association that such request will be made at least ten (10) days prior to such meeting. If the right to vote at any meeting is challenged, the inspectors of election, or the persons presiding thereat, shall require such list or record of Members to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list or record to be Members entitled to vote thereat may vote at such meeting.

Section 9. Quorum.

(a) Members entitled to cast a majority of the total number of votes entitled to be cast thereat shall constitute a quorum at a meeting of Members for the transaction of any business, except as otherwise expressly provided by law, by the Certificate of Incorporation of the Association, the Declaration, or elsewhere in these By-Laws.

(b) When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any Members.

(c) The Members present may adjourn the meeting despite the absence of a quorum.

Section 10. Voting.

(a) For the purpose of determining the Members entitled to receive notice of any meeting of Members or adjournment thereof, to vote at any meeting of Members or any adjournment thereof, or to express consent or dissent from any proposal without a meeting, or for the purpose of determining Members entitled to receive any distribution or the allotment of any rights, or for the purpose of any other action by the Members, the Board may fix, in advance, a date as the record date for any such determination of Members. Such record date shall not be more than fifty (50) nor less than ten (10) days before the date of such meeting.

(b) When a determination of Members of record entitled to notice of or to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof, unless the Board fixes a new record date under this section for the adjourned meeting.

(c) Directors shall be elected by a plurality of votes cast at a meeting of Members by the Members entitled to vote in the election, and any other corporate action to be taken by vote of the Members shall be authorized by a majority of the votes cast at a meeting of Members by the Members entitled to vote thereon, except as otherwise required by law, by the Declaration, or by the specific provision of the By-Laws.

(d) Upon direction of the presiding officer, or upon demand of any Member entitled to vote thereon, the vote upon any business before a meeting shall be by ballot, but otherwise any such vote may not be by ballot.

Section 11. Proxies.

(a) Every Member entitled to vote at a meeting of Members or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy.

(b) Every proxy must be signed by the Member or his attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it, except as otherwise provided by law. A proxy must be filed with the Association's secretary prior to the meeting at which it is to be used.

Section 12. Inspectors of Election.

(a) The Board, in advance of any meeting of Members, may appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a Members' meeting may, and on the request of any Member entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability, and the oath so taken shall be signed by the inspector before the person presiding at the meeting and shall be filed with the Secretary of the Association. No Director, or candidate for Director at a meeting, one of the purposes of which is to elect Directors, shall act as inspector thereat.

(b) The inspectors shall determine the number of memberships outstanding and the voting power of each, the membership represented at the meeting, the existence of a quorum, the validity and the effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count or tabulate all votes, ballots or consents, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all Members. On request of the person presiding at the meeting or any Member entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them.

Section 13. Action by Members Without a Meeting. Whenever, under the New York Not-For-Profit Corporation Law, Members are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, by all of the Members entitled to vote thereon.

ARTICLE VII
Board of Directors

Section 1. Management of the Affairs of the Association. The management of the affairs of the Association shall be vested in the Board which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation of the Association, or by the Declaration, or by these By-Laws directed or required to be exercised or done by the Members.

Section 2. Qualifications of Directors. Each Director shall be at least eighteen (18) years of age.

Section 3. Number of Directors. The Board shall consist of not less than three (3) nor more than nine (9) Directors. The number of Directors may be increased or decreased by action of a majority of the Members or a majority of the entire Board subject to the limitation that no decrease shall shorten the term of any incumbent Director.

Section 4. Election and Term. At each annual meeting of Members, Directors shall be elected for a term of one (1) year by a plurality of votes cast to hold office until the expiration of the term for which they are elected, and until their successors have been elected and qualified. In all elections of Directors, each Member shall be entitled to as many votes as shall equal the number of votes which, except for these provisions as to cumulative voting, such Member would be entitled to cast for the election of Directors multiplied by the number of Directors to be elected, and such Member may cast all of such votes for a single Director or may distribute them among the number to be voted for, or for any two or more of them, as such Member may see fit. Such right when exercised by a Member shall be termed cumulative voting in accord with Section 617, Not-For-Profit Corporation Law.

Section 5. Newly Created Directorships and Vacancies. Newly created directorships resulting from an increase in the number of Directors, and vacancies occurring in the Board for any reason may be filled by a vote of a majority of the Directors then in office regardless of their number. A

Director elected to fill a vacancy shall hold office until the next annual meeting at which the election of Directors is in the regular order of business and until his successor is elected and qualified.

Section 6. Nomination of Directors. Not later than four (4) weeks prior to the date set forth each annual meeting of Members, the President of the Association shall appoint a committee of Members to nominate candidates for election as Directors at the annual meeting. The recommendations of the nominating committee, together with a brief description of each candidate, shall be transmitted to the membership at the same time the notice of annual meeting of Members is distributed. Additional nominations may be made from the floor by any Member at the annual meeting.

Section 7. Removal. Any or all of the Directors may be removed with or without cause by vote of the Members, or for cause by a vote of the Directors when there is a quorum of not less than a majority present at the meeting of Directors at which such action is taken.

Section 8. Resignation of Directors. Any Director may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary of the Association. The acceptance of a resignation shall not be necessary to make it effective, but no resignations shall discharge any accrued obligation or duty of a Director.

Section 9. Quorum of Directors and Voting. A majority of the entire Board shall constitute a quorum for the transaction of business or of any specified item or business. At all meetings of the Board, each Director shall be entitled to one (1) vote. The vote of a majority of the Board present at the time of a vote, if a quorum is present at such time, shall be the act of the Board.

Section 10. Place and Time of Meetings of the Board.

(a) Meetings of the Board, annual, regular or special, shall be held in the State of New York.

(b) The first meeting of each newly elected Board shall be held at the office of the Association on the first business day following the annual meeting of Members.

(c) Regular meetings of the Board shall be held at such time and place as fixed by the Board.

(d) Special meetings of the Board shall be held at such time and place as fixed in the notice to the Directors, as provided in Section 11 of this Article.

Section 11. Notice of Meetings of the Board and Waiver Thereof.

(a) The first meeting of each newly elected Board may be held without notice.

(b) Regular meetings may be also held without notice to the Directors.

(c) Special meetings shall be held upon written notice to the Directors at the call of the President. Notice of a special meeting shall state the place, date and hour of the meeting, indicate that it is being issued by or at the direction of the person or persons calling the meeting, and specify the purpose thereof. A notice shall be given personally or by mail, not less than three (3) nor more than ten (10) days before the date of the meeting to each Director. Such notice shall be deemed to have been given when deposited in the United States mail, with postage thereon prepaid, directed to the Director at his address or if he has filed with the Secretary of the Association a written request that notices to him be mailed to some other address, then directed to him at such other address.

(d) Notice of any adjourned meeting of the Board, specifying the time and place of the next meeting, shall be given to the Directors who were not present at the time of the adjournment and, unless such time and place are announced at the meeting, to the other Directors.

(e) Notice of a meeting need not be given to any Director who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him.

Section 12. Committees of the Board. The Board may, by resolution adopted by a majority of the entire Board, designate from among its members an executive committee and other standing committee, each consisting of three (3) or more Directors, and each of which, to the extent provided in such resolution, shall have all the authority of the Board, except as to the matters prohibited by §712 of the New York Not-For-Profit Corporation Law. The Board shall, by resolution adopted by a majority of the Board, designate and appoint an Architectural Review Committee and adopt such other procedural rules for the

purpose of granting Dwelling Unit Owners in the Development permission to make architectural, structural, or decorative changes or alterations in the exteriors of Dwelling Units, and to grant permission for the erection of decks, patios, and fences as provided for in the Declaration. In addition to designating and appointing such a Committee, the Board by resolution adopted by a majority of the Board shall enact rules and regulations establishing the process and procedures whereby such Dwelling Unit Owners may apply for permission to make such alterations and changes. Such rules and regulations, among other things, shall establish the time limits within which such Committee shall act after receiving a Dwelling Unit Owner's application for such permission, the contents of such application (plans, specifications, extent and time of construction, cost of construction, proof of compliance with applicable zoning and building codes, identification of contractor performing such work, a method whereby work will be financed, and provisions for liability or other required insurance), the method of communicating the Committee's approval or disapproval, and whether or not there shall be hearings or other proceedings relative to such application. Copies of such rules and regulations shall be distributed to the Dwelling Unit Owners not less than ten (10) days prior to the effective day thereof. The determination of the Committee shall be binding upon the applicant Dwelling Unit Owner.

Section 13. Compensation of Directors. No salary or other compensation for services shall be paid to any Director of the Association for services rendered as such Director, but this shall not preclude any Director from performing any other service for the Association and receiving compensation therefor. Such compensation shall be reasonable and commensurate with services performed.

Section 14. Powers and Duties of the Board. The Board shall have all the powers of the Association except those specifically conferred upon or reserved to the Members by Law, by the Certificate of Incorporation, or these By-Laws. Such powers, duties and authority of the Board shall include, but not be limited to by reason of enumeration, the following:

a. To determine, levy and collect the annual and special assessments and working capital contributions as provided for in the Declaration.

b. To collect, use and expend the assessments collected for the maintenance, care and preservation and operation of the Association Property and the exteriors of the Dwelling Units and to perform such other services and functions as permitted and required by the Declaration.

c. To procure and maintain such insurance as shall be required or permitted by the Declaration.

d. To repair, restore or alter the Association Property and the exteriors of the Dwelling Units and render such other maintenance and services as required under the Declaration of the Association.

e. To promulgate rules and regulations relating to the use, operation and maintenance of the Association Property for the safety and convenience of the users thereof or to enhance the preservation and use of its Association Property or which, in the discretion of the Association, shall serve to promote the best interests of the Members and to establish and enforce reasonable monetary penalties for infractions thereof (except that no penalty shall deprive an Owner of the right to use the Association Property or to vote as a Member of the Association).

f. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from Members for violations of the provisions of the Declaration or of any rules or regulations of the Association.

g. To pay all expenses incurred by the Association and all taxes owing by the Association.

h. To declare the office of a member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive meetings of the Board of Directors.

i. To keep a complete record of the actions of the Board of Directors and the corporate affairs of the Association and such other records as it deems appropriate.

j. To issue, or cause to be issued, upon demand by any person, an "Assessment Certificate" as provided in the Declaration, setting forth the status of payment of assessment for any Lot.

k. Subject to the provisions of the Declaration, to dedicate or transfer all or any part of the Association Property for such purposes and subject to such conditions as may be agreed to by the Association and the transferee in order to effectuate those provisions of the Declaration relative to a merger or consolidation of the Association with another association, to the dissolution of the Association, or to the grant of easements to a public or municipal body or authority.

1. To exercise for the Association all powers, duties and authority vested in or delegated to the Association by the Certificate of Incorporation, the Declaration, and By-Laws, and not reserved to the Members by other provisions of these By-Laws, the Certificate of Incorporation or the Declaration.

m. As more fully provided in the Declaration as the same may hereafter be amended or supplemented, to:

(1) Fix the amount of annual assessments and special Assessments to be assessed and levied against each Lot and the time, or times and in the manner provided in the Declaration; and

(2) Take such action at law or in equity to foreclose the lien of, or otherwise collect, delinquent assessments as provided for in the Declaration.

n. Issue, or cause an appropriate officer to issue, upon demand by any person, a Certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these Certificates. If a Certificate states an assessment has been paid, such Certificate shall be conclusive evidence of such payment.

o. Procure and maintain adequate liability and hazard insurance for the Dwelling Units and Association Property and such other insurance as required or permitted under the Declaration.

p. Cause the Association Property and the exteriors of the Dwelling Units to be maintained, and to perform such other maintenance services required of it under the Declaration.

q. Prepare annual financial statements of the Association and furnish a copy of such statement to each Member annually on a date to be fixed by the Board.

r. To hire a professional manager to perform and exercise the powers of the Board of Directors in the management of the Development and in providing the services required of the Association. Any contract between the Association and such professional manager may be renewable but may not exceed three (3) years in term. The professional manager shall not be affiliated with Sponsor.

s. So long as Sponsor owns at least twenty-five percent (25%) of the Lots then in the Development, but in no event for a period later than three (3) years after the trans-

fer of title to the first Lot in the Development, the Board may not, without the Sponsor's prior written consent increase or diminish the services rendered by the Association or take any other action which adversely affect the Sponsor's interests; but such consent shall not be required to permit the Board of Directors to authorize or make any expenditures, or collect annual or special assessments, which are necessary to comply with applicable state or municipal laws, rules, or regulations or to perform the unamended provisions of the Declaration.

ARTICLE VIII Officers

Section 1. Number. The officers of the Association shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer and such other officers as the Board may determine. Any two or more offices may be held by the same person, except the offices of President and Treasurer.

Section 2. Election and Term of Office. All officers shall be elected by the Board to hold office for the term of one year, and each shall hold the office for such term and until his successor has been elected and qualified. The Board may from time to time appoint such other officers as it considers are desirable to hold office at the pleasure of the Board.

Section 3. Duties of President. The President shall be the chief executive and operating officer in the Association and shall preside at all meetings of the Members and of the Board. He shall be an ex officio member of the standing committees and shall, in general, supervise and manage all the business and affairs of the Association, subject to the control of the Board. He shall have power to sign and execute all contracts and instruments of conveyance in the name of the Association, to sign checks, drafts, notes, and orders for the payment of money, and to appoint and discharge agents and employees, subject to the approval of the Board. He shall perform all the duties usually incident to the office of the President.

Section 4. Duties of Vice President. The Vice President shall in the absence or disability of the President, perform the duties and exercise the powers of the President. The Vice President have such powers and perform such dutis as may be delegated to him by the President or prescribed by the Board.

Section 5. Duties of Secretary. The Secretary shall keep minutes of all members of the Board, and minutes of all meet-

ings of the Members, and also, unless otherwise directed, the minutes of all meetings of committees in books provided for that purpose. He shall give, or cause to be given, notice of all meetings of Members and Directors, and all other notices required by law or by these By-Laws, and in case of his absence or refusal so to do, any such notice may be given by any person thereunto directed by the President or by the Directors or Members upon whose request the meeting is called. He shall have charge of the books and records of the Association. He shall have the custody of the seal of the Association and affix the same to all instruments requiring it when authorized by the Directors or the President, and attest to same. He shall file all written requests that notices be mailed to Members at an address other than that which appears on the record of Members. He shall, in general, perform all the duties incident to the office of Secretary.

Section 6. Duties of Treasurer. The Treasurer shall have custody over funds, securities, evidences of indebtedness and other valuable documents of the Association; when necessary or proper he shall endorse on behalf of the Association for collection checks, notes and other obligations and shall deposit the same to the credit of the Association in such bank or banks or depository as the Board may designate. He shall receive and give or cause to be given receipts and acquittances for monies paid in an account of the Association and shall pay out of the Funds on hand all just debts of the Association of whatever nature upon maturity of the same; he shall enter or cause to be entered in books of the Association to be kept for that purpose of full and accurate accounts of all monies received and paid out on account of the Association, and whenever required by the President or the Directors, he shall render a statement of his accounts. He shall keep or cause to be kept such other books as will show a true record of the expenses, losses, gains, assets and liabilities of the Association; he shall at all reasonable times exhibit his books and accounts to any Director of the Association upon application at the office of the Association during business hours; he shall perform all other duties and acts incident to the office of Treasurer. If so required by the Board, he shall, before receiving any such funds, furnish to the Association a bond with a surety company as surety, in such form and amount as the Board from time to time shall determine. The premium upon such bond shall be paid by the Association.

Section 7. Removal of Officers. Any officer elected by the Board may be removed by the Board with or without cause,

Section 8. Vacancies Among Officers. If the office of any officer becomes vacant, the Board may elect any qualified

person to fill such vacancy, who shall hold office for the unexpired term of his predecessor and until his successor is elected or appointed and qualified.

Section 9. Compensation of Officers. No salary or other compensation for services shall be paid to any officer of the Association for services rendered as such officer, but this shall not preclude any officer of the Association from performing any other service for the Association and receiving compensation therefor. Such compensation shall be reasonable and commensurate with services performed.

ARTICLE IX

Provisions Applicable to Officers and Directors Generally

Section 1. Contracts or Other Transactions. No contract or other transaction between the Association and one or more of its Directors or officers, or between the Association and any other corporation, firm, association or other entity in which one or more of its Directors or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason along or by reason along that such Director or Directors or officer or officers are present at the meeting of the Board, or of a committee thereof, which authorizes such contract or transaction, or that his or their votes are counted for such purpose:

(i) if material facts as to such director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or committee, and the Board or committee authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Director or officer; or

(ii) if the material facts as to such Director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Members entitled to vote thereon, if any, and such contract or transaction is authorized by a vote of such Members.

If there was no such disclosure, knowledge or vote as provided in (i) and (ii) above, the Association may avoid the contract

or transaction unless the party or parties thereto establish affirmatively that the contract or transaction was fair and reasonable to the Association at the time it was authorized by the Board, committee or the Members.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes such contract or transaction.

Section 2. Indemnification of Officers and Directors.

(a) Any person made a party to any action by or in the right of the Association to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a Director or officer of the Association, shall be indemnified by the Association, to the extent permitted and in the manner provided by law, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with an appeal therein, except in relation to matters as to which such Director or officer is adjudged to have breached his duty to the Association under §717 of the Not-For-Profit Corporation Law of the State of New York, but such indemnification shall in no case include:

(i) Amounts paid in settling or otherwise disposing of a threatened action, suit or proceeding, or a pending action, suit or proceeding, with or without court approval, or

(ii) Expenses incurred in defending a threatened action, suit or proceeding, or a pending action, suit or proceeding, which is settled or otherwise disposed of without court approval.

(b) Any person, made, or threatened to be made, a party to an action or proceeding other than one by or in the right of the Association to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust or other enterprise, which any Director or officer of the Association served in any capacity at the request of the Association, by reason of the fact that he, his testator or intestate, was a Director or officer of the Association, or served such other corporation, partnership, joint venture, trust or other enterprise in any capacity, shall be indemnified by this Association against judgments, fines, amounts paid in settlement and

reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such Director of officer acted in good faith, for a purpose which he reasonably believed to be in the best interests of the Association and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such Director of officer did not act in good faith, for a purpose which he reasonably believed to be in the best interest of the Association, or that he has reasonable cause to believe that his conduct was unlawful.

Section 3. Payment of Indemnification.

(a) A person who has been wholly successful, on the merits or otherwise, in the defense of a criminal or civil action or proceeding of the character described in Section 2 of this Article shall be entitled to indemnification as guthorized in such Section.

(b) Indemnification shall be made by the Association only if authorized:

(i) by the Board acting by a quorum consisting of Directors who are not parties to such action or proceeding upon the finding that the Director or officer has met the standard of conduct set forth in Section 1(a) or (b) of this Article, as the case may be; or

(ii) if a quorum under subparagraph (i) above is not obtainable with due diligence:

(A) by the Board upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct set forth in such sections has been met by such Director of officer; or

(B) by the Members upon a finding that the Director or officer has met the applicable standard of conduct set forth in such sections

c. Expenses incurred in a criminal or civil proceeding may be paid by the Association in advance of the final disposition of such action or proceeding if authorized under paragraph (b) of this Section.

d. Notwithstanding the foregoing paragraphs, a court may award indemnification pursuant to §725 of the Not-ForProfit Corporation Law of the State of New York.

ARTICLE X Financial Matters

Section 1. Depositories. The Board shall select such depositories as it considers proper for the funds of the Association. All checks and drafts against such deposited funds shall be signed and countersigned by persons specified by the Board.

Section 2. Contracts. The Board may authorize any officer or officers, agent or agents, in addition to those specified in these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

Section 3. Fiscal Year. The fiscal year of the Association shall be determined by the Board.

Section 4. Annual Report. The Board shall present at the annual meeting of Members a report of the financial and other affairs of the Association during the preceding year. The Board shall provide all Members, at the expense of the Association and within four (4) mnths of the end of each year, a copy of an annual certified financial statement of the Association prepared by an independent certified public accountant.

ARTICLE XI Miscellaneous

Section 1. Corporate Seal. The corporate seal shall be circular in form and have inscribed thereon the name of the Association, the year of its organization, and the words "Corporate Seal" and "New York". The seal shall be in the charge of the Secretary. If and when so directed by the Board or the President, a duplicate of the seal may be kept and used

by the Secretary or Treasurer. The seal may be used by it or a facsimile to be affixed or impressed or reproduced in any other manner.

Section 2. Assessments. The obligations of Members with respect to assessments are governed by the Declaration, as the same may be amended from time to time.

ARTICLE XII Dissolution

The Association may be dissolved only by the vote of two-thirds (2/3) of the Members of the Association entitled to vote thereon, in accordance with Article 10 of the Not-For-Profit Corporation Law of the State of New York. Upon the dissolution of the Association, the assets, both real and personal, of the Association shall be dedicated to an appropriate governmental body or agency to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association.

In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any not-for-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. No such disposition of the Association's property shall be effective to divest or diminish any right or title of any Member vested in or among the Declaration and deed applicable to his property unless made in accordance with the provisions of the Declaration and deed. In the event of dissolution, the covenants, restrictions and agreements contained in the Declaration, other than those applying to assessments, shall remain in full force and effect. It shall be a requirement of the Association, prior to its dissolution, to establish an appropriate authority or corporation for enforcing such covenants, restrictions and agreements.

ARTICLE XIII Amendments

These By-Laws may be amended or repealed in conformity with the Certificate of Incorporation of the Association and the Declaration by the affirmative vote of two-thirds (2/3) of the Directors present at any meeting of the Board or by the affirmative vote of a majority of the membership entitled to vote for the election of Directors, provided, however, that no such amendment or repeal adopted by the Board shall become effective

until thirty (30) days after notice thereof shall have been transmitted to the Members of the Association. The notice of any meeting of Members and the Board at which such action shall be considered shall contain a notice of the proposed amendment, or repeal. Any by-law adopted by the Board may be amended or repealed by the Members, and unless otherwise provided in the Certificate of Incorporation of the Association, the Declaration or these By-Laws, any By-Law adopted by the Members, may be amended or repealed by the Board. While the Sponsor owns at least twenty-five percent (25%) of the Lots then in the Development, but for a period not longer than three (3) years after the first Lot is transferred, neither the Board nor the Members shall amend these By-Laws so as to affect adversely the Sponsor's interests.

ARTICLE XIV
Construction

In the case of any conflict between the Certificate of Incorporation and the Association and these By-Laws, the Certificate of Incorporation of the Association shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.